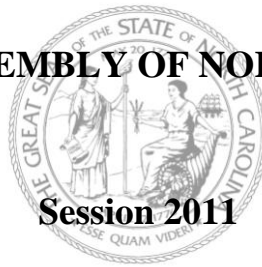


GENERAL ASSEMBLY OF NORTH CAROLINA



FISCAL ANALYSIS MEMORANDUM

[This confidential fiscal memorandum is a fiscal analysis of a draft bill, amendment, committee substitute, or conference committee report that has not been formally introduced or adopted on the chamber floor or in committee. **This is not an official fiscal note.** If upon introduction of the bill you determine that a formal fiscal note is needed, please make a fiscal note request to the Fiscal Research Division, and one will be provided under the rules of the House and the Senate.]

DATE: April 4, 2011

TO: Senators Rucho and Hartsell

FROM: Rodney Bizzell
Fiscal Research Division

RE: PCS to S343

FISCAL IMPACT

Yes ()

No (x)

No Estimate Available ()

FY 2011-12

FY 2012-13

FY 2013-14

FY 2014-15

FY 2015-16

REVENUES:

No impact on current taxes or fees

PRINCIPAL DEPARTMENT(S) & PROGRAM(S) AFFECTED:

EFFECTIVE DATE: The act is effective when it becomes law.

BILL SUMMARY:

Enacts new subsection (l) under GS 62-133.5 to provide that a local exchange company may elect alternative regulation under this proposed section providing that it meets specified criteria including foregoing funding from a state Universal Service Fund or alternate funding mechanism and having territory open to competition from competing local providers. Provides that the election of the alternative regulation is effective immediately upon the filing of the local exchange company. Adds subsection (k1) to provide that a local exchange company that has made an alternative election under proposed subsection (l) is no longer subject to the requirement to report annually to the General Assembly on or after the third anniversary following the date of the local

exchange company's election. Provides that a local exchange company's election of the alternative regulation under new GS 62-133.5(l) does not affect (1) the obligations or rights of an incumbent local exchange carrier as defined under federal law and regulations nor (2) North Carolina Utilities Commissions (Commission) jurisdiction concerning specified enforcement and regulatory authority. Provides that a local exchange company's election under this proposed subsection does not prevent a consumer from seeking the assistance of the Commission to resolve a complaint with the local exchange company as provided in GS 62-73.1. Makes conforming changes to GS 62-133.5 and 62-302(b)(4)b. Amends GS 62-110(f1) to provide that a local exchange that has chosen alternative regulation under proposed GS 62-133.5(l) does not have any carrier of last resort obligations.

Source: Bill Digest

ASSUMPTIONS AND METHODOLOGY:

Although the PCS to S343 provides for an alternate form of regulation for eligible LECs, it would not make any changes to taxes or fees that apply to telephone service, including the telecommunications sales tax and the utility regulatory fee. As a result, the bill does not have a fiscal impact.

SOURCES OF DATA:

TECHNICAL CONSIDERATIONS: None